

# EXHIBIT 8

# Report to the U.S. Congress on Minority Small Business and Capital Ownership Development

*Fiscal Year 2017*





# **U.S. Small Business Administration Office of Business Development**

## **FY 2017 408 Report to the Congress**

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# Statutory Requirements

## STATUTE

This is the report on the U.S. Small Business Administration's (SBA) 8(a) Business Development (BD) program as required by Section 408 of the Business Opportunity Development Reform Act of 1988, Public Law 100-656 (codified at Section 7(j)(16) of the Small Business Act, 15 U.S.C. § 636(j)(16)).

### SMALL BUSINESS ACT - Section 7(j)(16)(A), (B), and (C)

(16) (A) The Administrator shall develop and implement a process for the systematic collection of data on the operations of the Program established pursuant to paragraph (10).

(B) Not later than April 30 of each year, the Administrator shall submit a report to the Congress on the Program that shall include the following:

(i) The average personal net worth of individuals who own and control concerns that were initially certified for participation in the Program during the immediately preceding fiscal year. The Administrator shall also indicate the dollar distribution of net worth, at \$50,000 increments, of all such individuals found to be socially and economically disadvantaged. For the first report required pursuant to this paragraph the Administrator shall also provide the data specified in the preceding sentence for all eligible individuals in the Program as of the effective date of this paragraph.

(ii) A description and estimate of the benefits and costs that have accrued to the economy and the Government in the immediately preceding fiscal year due to the operations of those business concerns that were performing contracts awarded pursuant to section 8(a).

(iii) A compilation and evaluation of those business concerns that have exited the Program during the immediately preceding three fiscal years. Such compilation and evaluation shall detail the number of concerns actively engaged in business operations, those that have ceased or substantially curtailed such operations, including the reasons for such actions, and those concerns that have been acquired by other firms or organizations owned and controlled by other than socially and economically disadvantaged individuals. For those businesses that have continued operations after they exited from the Program, the Administrator shall also separately detail the benefits and costs that have accrued to the economy during the immediately preceding fiscal year due to the operations of such concerns.

(iv) A listing of all participants in the Program during the preceding fiscal year identifying, by State and by Region, for each firm: the name of the concern, the race or ethnicity, and gender of the disadvantaged owners, the dollar value of all contracts received in the preceding year, the dollar amount of advance payments received by each concern pursuant to contracts awarded under section 8(a), and a description including (if appropriate) an estimate of the dollar value of all benefits received pursuant to paragraphs (13) and (14) and section 7(a)(20) during such year.

(v) The total dollar value of contracts and options awarded during the preceding fiscal year pursuant to section 8(a) and such amount expressed as a percentage of total sales of (I) all firms participating in the Program during such year; and (II) of firms in each of the nine years of program participation.

(vi) A description of such additional resources or program authorities as may be required to provide the types of services needed over the next two-year period to service the expected portfolio of firms certified pursuant to section 8(a).

(vii) The total dollar value of contracts and options awarded pursuant to section 8(a), at such dollar increments as the Administrator deems appropriate, for each four digit standard industrial classification code under which such contracts and options were classified.

(C) The first report required by subparagraph (B) shall pertain to fiscal year 1990.

## **ABBREVIATIONS**

### **Ethnicity/Race Abbreviations for individual firms**

AP	Asian Pacific American
BA	Black American
CA	Caucasian American
HA	Hispanic American
NA	Native American
OT	Other (American)
SA	Subcontinent Asian American

### **Entity Abbreviations for entity firms**

ANC	Owned by an Alaska Native Corporation
CDC	Owned by a Community Development Corporation
NHO	Owned by a Native Hawaiian Organization
TO	Owned by a Tribal Organization



## EXECUTIVE SUMMARY

This report is provided annually to the Congress to determine and quantify the extent to which the Minority Small Business and Capital Ownership Development Program (herein referenced as the 8(a) BD program) has assisted in the development of firms owned and controlled by socially and economically disadvantaged individuals. The Small Business Act requires SBA to provide information on current 8(a) BD program participants as of the Report year, as well as those business concerns that completed their 8(a) BD program term or otherwise exited the program during the immediately preceding three fiscal years of the Report year. As such, this Fiscal Year (FY) 2017 Report will report on FY 2017 participants, as well as former participants that completed their program term or exited the program in FY 2014, FY 2015 and FY 2016.

FY 2017 marked the 50th year of the SBA's 8(a) BD Program. During fiscal year 2017, a total of 5,581 businesses participated in the 8(a) BD Program (defined as in the program at least one day during the fiscal year). These firms made significant contributions to the Federal, state and local tax bases and contributed an estimated 125,642 jobs to the Nation's economy.<sup>1</sup> Between October 1, 2016 and September 30, 2017, a total of 555 new firms were certified to participate in the program.<sup>2</sup>

Total obligations combining 8(a) sales and non 8(a) sales were \$22,043,767,164 based on data obtained from the Federal Procurement Data System – Next Generation (FPDS-NG). This consisted of \$16,251,923,397 in 8(a) sales and \$5,791,843,767 non-8(a) sales. The 8(a) obligations represent an estimated 73 percent of total revenue for FY 2017 firms.<sup>3</sup>

In order to assess the current business status of former 8(a) firms that exited and completed the program during the past three preceding fiscal years, SBA utilized information and data available through Dun and Bradstreet (D&B), a company that provides commercial data and analytics for businesses. Between October 1, 2013 and September 30, 2016, 1,874 firms completed the term of nine years before exiting the program. Of this total, there were 1,706 active firms<sup>4</sup>, 126 ceased firms<sup>5</sup>, and 42 firms for which data were not available. Of the active firms, two (2) were acquired by another firm or organization owned and controlled by other than socially and economically disadvantaged individuals and 84 firms were substantially curtailed.<sup>6</sup>

Pursuant to D&B figures, the 1,874 former participants that exited or completed the program during FY 2014, FY 2015, and FY 2016 collectively reported revenues for FY 2017 of approximately \$6,136,000,000 and provided jobs for approximately 45,415 persons.

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<sup>1</sup> Data regarding jobs (employees) was pulled from SBA's internal database (e8a System).

<sup>2</sup> Data regarding new certified firms was pulled from SBA's internal database (e8a System).

<sup>3</sup> This data was certified by SBA February of 2018. 8(a) sales and non-8(a) sales represent 8(a) contract dollars and non-8(a) contract dollars respectively reported in FPDS-NG.

<sup>4</sup> *Active* firms are defined as being actively engaged in business operations.

<sup>5</sup> *Ceased* firms are firms that are out of business.

<sup>6</sup> For purposes of this report *substantially curtailed* business concerns are those as firms with the number of employees at the end of the Reporting year to be less than 50% of the number of employees at the end of the fiscal year when the business left the 8(a) BD program.

## PROGRAM INITIATIVES

1. **Mission:** The purpose of the 8(a) BD program is to assist eligible small disadvantaged business concerns to compete in the American economy through business development. These small disadvantaged businesses are owned and controlled by socially and economically disadvantaged individuals or by entities responsible for the welfare of a native of underserved shareholder community, including Indian Tribes, Alaskan Native Corporations, Native Hawaiian Organizations and Community Development Corporations. The 8(a) BD program fulfills its mission by providing business development resources, such as marketing, managerial, technical, and financial and procurement assistance.
2. **Business Development:** The 8(a) BD program promotes business development over a nine-year period. Each participant's progress is monitored and measured, and its developmental needs are identified through an annual review, including an analysis of the firm's business plan. The 8(a) BD firms can receive guidance from many organizations outside of the SBA, to include Service Corps of Retired Executives (SCORE), Small Business Development Centers (SBDC), and Women's Business Centers (WBC). In addition, through award of sole source and limited-competition contracts, the 8(a) BD program provides a logical and systematic approach to market access and enterprise growth to small businesses owned and controlled by socially and economically disadvantaged individuals, Tribes, ANCs, NHOs, and CDCs.
3. **Management and Technical Assistance:** Pursuant to Section 7(j) of the Small Business Act, the SBA is authorized to provide specialized training, professional consultant assistance, and high-level executive development to eligible firms. This authority allows the SBA to provide assistance to 8(a) BD program participants as well as to other small disadvantaged businesses, low-income entrepreneurs, and small businesses in labor-surplus areas or areas with a high proportion of low-income individuals. 8(a) certified firms also receive assistance through SCORE, SBDCs, WBCs, and the United States Export Assistance Centers (USEAC), as well as the mentor-protégé, joint venture, surety bond guarantee, and SBA loan programs.



## NET WORTH OF NEWLY CERTIFIED PROGRAM PARTICIPANTS

### SMALL BUSINESS ACT – SECTION 7(J)(16)(B)(i)

*([T]he administrator shall submit a report to Congress...that shall include the following:)*

*The average personal net worth of individuals who own and control concerns that were initially certified for participation in the Program during the immediately preceding fiscal year. The Administrator shall also indicate the dollar distribution of net worth, at \$50,000 increments, of all such individuals found to be socially and economically disadvantaged.*

1. **Personal Net Worth**<sup>7</sup>: For purposes of this Report, personal net worth is the net value of the remaining assets of an individual after total liabilities are deducted from his or her total assets. During the 2017 fiscal year, 577 individuals were initially certified to participate in the 8(a) BD Program. Table I represents data on the personal net worth of those individuals who claimed disadvantage to qualify such firms. The average personal net worth of these individuals was \$347,720.

Individuals with a personal net worth ranging from less than zero dollars to \$50,000 constituted 30 percent of owners controlling firms that were certified; individuals with a personal net worth of \$50,001 to \$100,000 constituted 9 percent; and individuals with a personal net worth of \$100,001 to \$150,000 constituted 8 percent. Approximately 45 percent of the individuals owning and controlling firms that were certified had a personal net worth ranging from less than zero dollars to \$150,000.

2. **Adjusted Personal Net Worth**<sup>8</sup>: For 8(a) BD program purposes, the Small Business Act directs SBA to compute an individual's personal net worth without regard to his or her equity in a primary residence or that individual's ownership interest in the participant firm.<sup>9</sup> Thus, in determining whether or not an individual qualifies as economically disadvantaged, SBA excludes such assets from the individual's personal net worth. This resulting figure represents an individual's adjusted personal net worth. For FY 2017, the average adjusted personal net worth of individuals owning and controlling firms and initially certified during FY 2017 was \$300,098.

Individuals with an adjusted personal net worth ranging from less than zero dollars to \$50,000 constituted 33 percent of owners controlling firms that were certified; individuals with an adjusted personal net worth of \$50,001 to \$100,000 constituted 10 percent; and individuals with an adjusted personal net worth of \$100,001 to \$150,000 constituted 8 percent. Approximately 51 percent of the individuals owning and controlling firms that were certified had an adjusted personal net worth ranging from less than zero dollars to \$150,000.

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<sup>7</sup> See Table I. Data for Table I and Table II were verified in SBA's then-present system of record for 8(a) BD program certification, the Business Development Management Information System (BDMIS).

<sup>8</sup> See Table II.

<sup>9</sup> 15 U.S.C. § 637(a)(6)(E).

**Table I**  
**Total Personal Net Worth Excluding Disadvantaged Entities**  
(October 1, 2016 through September 30, 2017)  
**Individual Unadjusted Net Worth expressed in \$50,000 Increments**

<b>Dollar Range</b>	<b>Number in Range</b>	<b>Cumulative Total</b>	<b>Cumulative Percentage</b>
(over \$400,000)	1	1	0.17%
(\$400,000) - (\$350,001)	1	2	0.34%
(\$350,000) - (\$300,001)	0	2	0.34%
(\$300,000) - (\$250,001)	1	3	0.50%
(\$250,000) - (\$200,001)	2	5	0.86%
(\$200,000) - (\$150,001)	2	7	1.20%
(\$150,000) - (\$100,001)	2	9	1.50%
(\$100,000) - (\$50,001)	11	20	3.40%
(\$50,000) - (\$1)	15	35	6.00%
\$0 - \$0	66	101	17.50%
\$1 - \$50,000	59	160	27.70%
\$50,001 - \$100,000	51	211	36.50%
\$100,001 - \$150,000	46	257	44.50%
\$150,001 - \$200,000	40	297	51.40%
\$200,001 - \$250,000	37	334	57.80%
\$250,001 - \$300,000	26	360	62.30%
\$300,001 - \$350,000	18	378	65.50%
\$350,001 - \$400,000	26	404	70.00%
\$400,001 - \$450,000	17	421	72.90%
\$450,001 - \$500,000	17	438	75.90%
\$500,001 - \$550,000	15	453	78.50%
\$550,001 - \$600,000	14	467	80.90%
\$600,001 - \$650,000	14	481	83.30%
\$650,001 - \$700,000	9	490	84.90%
\$700,001 - \$750,000	15	505	87.50%
\$750,001 - \$800,000	8	513	88.70%
\$800,001 - \$850,000	7	520	89.90%
\$850,001 - \$900,000	4	524	90.60%
\$900,001 - \$950,000	3	527	91.10%
\$950,001 - \$1,000,000	3	530	91.60%
\$1,000,001 - \$1,500,000	32	562	98.20%
\$1,500,001 - \$2,000,000	13	575	99.40%
More than 2,000,000	2	577	100.00%
<b>Range of Personal Net Worth</b>	<b>(\$401,461) - \$2,699,575</b>		
<b>Median Personal Net Worth</b>	<b>\$187,163</b>		
<b>Average Personal Net Worth</b>	<b>\$329,687</b>		

**Table II**  
**Total Adjusted Personal Net Worth Excluding Disadvantaged Entities**  
**(October 1, 2016 through September 30, 2017)**  
**Individual adjusted net worth expressed in \$50,000 dollar increments**

<b>Dollar Range</b>	<b>Number in Range</b>	<b>Cumulative Total</b>	<b>Cumulative Percentage</b>
(over \$400,000)	1	1	0.34%
(\$400,000) - (\$350,001)	2	3	0.69%
(\$350,000) - (\$300,001)	0	3	0.69%
(\$300,000) - (\$250,001)	2	5	1.00%
(\$250,000) - (\$200,001)	3	8	1.50%
(\$200,000) - (\$150,001)	3	11	2.00%
(\$150,000) - (\$100,001)	3	14	2.50%
(\$100,000) - (\$50,001)	15	29	5.10%
(\$50,000) - (\$1)	26	55	9.70%
\$0 - \$0	66	121	21.10%
\$1 - \$50,000	71	192	33.40%
\$50,001 - \$100,000	58	250	43.50%
\$100,001 - \$150,000	45	295	51.10%
\$150,001 - \$200,000	40	335	58.00%
\$200,001 - \$250,000	34	369	63.90%
\$250,001 - \$300,000	18	387	67.00%
\$300,001 - \$350,000	17	404	70.00%
\$350,001 - \$400,000	23	427	74.00%
\$400,001 - \$450,000	17	444	76.90%
\$450,001 - \$500,000	19	463	80.20%
\$500,001 - \$550,000	16	479	83.00%
\$550,001 - \$600,000	10	489	84.70%
\$600,001 - \$650,000	9	498	86.30%
\$650,001 - \$700,000	8	506	87.60%
\$700,001 - \$750,000	10	516	89.20%
\$750,001 - \$800,000	5	521	90.10%
\$800,001 - \$850,000	7	528	91.30%
\$850,001 - \$900,000	4	532	92.00%
\$900,001 - \$950,000	1	533	92.20%
\$950,001 - \$1,000,000	2	535	92.50%
\$1,000,001 - \$1,500,000	30	565	97.70%
\$1,500,001 - \$2,000,000	10	575	99.40%
More than 2,000,000	2	577	100.00%

**Range of Personal Net Worth (\$401,461) - \$2,699,575**

**Median Personal Net Worth \$187,163**

**Average Personal Net Worth \$282,065**

## BENEFITS AND COSTS OF THE DEVELOPMENT PROGRAM TO THE ECONOMY AND GOVERNMENT

SMALL BUSINESS ACT - Section 7(j)(16)(B)(ii)

*([T]he administrator shall submit a report to the Congress...that shall include the following:)*

*A description and estimate of the benefits and costs that have accrued to the economy and the Government in the immediately preceding fiscal year due to the operation of those business concerns that were performing contracts awarded pursuant to section 8(a).*

During FY 2017, a total of 5,581 firms participated in the 8(a) BD program. This total includes all firms that were in the program at least one day during the fiscal year. These firms provided employment for more than 125,642 people.

Total obligations combining 8(a) sales and non 8(a) sales were \$22,043,767,164 based on FPDS-NG data. This consisted of \$16,251,923,397 in 8(a) sales and \$5,791,843,767 non-8(a) sales. The 8(a) obligations represent an estimated 73 percent of total revenue for FY 2017 firms.

### 1. Benefits to the Economy and to the Government

In principal, the benefit to the economy represents the incremental gain to disadvantaged groups from employment and income supported by 8(a) business development assistance as well as incremental gains in business sustainability. The following are areas in which 8(a) participants are contributing to the gross domestic product: the Nation's tax base, employment, and the individual wealth and well-being of all Americans.

- a) **Long-term Business Development Efforts:** While 8(a) BD contract value figures represent a very small percentage of total Federal procurement dollars, they serve as an indicator of the development of firms owned and operated by individuals and entities that historically have had limited access to capital, credit and public/private contracting opportunities. Additionally, these contracts and values can serve as gauges to the Nation's economic growth and to the diversity of much needed new jobs.
- b) **Employment:** The 5,581 8(a) BD firms provided employment to an estimated 125,642 people during FY 2017, representing an average of 22.5 employees per company. The 8(a) BD program is a source of employment in all fifty states as well as the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands.

### Costs to the Government

The SBA's Office of Business Development (BD) – a component of the Office of Government Contracting and Business Development (GCBD) – as well as the Office of Field Operations (OFO) share responsibility for the administration of the 8(a) BD program.



**a. Program Administrative Costs<sup>10</sup>**

SBA program administrative costs consist of direct costs from the operating budget plus compensation and benefits, Agency-wide costs such as rent and telecommunications, and indirect costs such as Agency overhead (e.g., financial management). Total costs for the 8(a) BD program in FY 2017 were \$54,099,000. Of this total, \$27,448,000 was attributable to the costs incurred by OFO and \$26,651,000 was attributable to costs incurred by OBD.

**b. Management and Technical Assistance<sup>11</sup>**

Section 7(j) of the Small Business Act mandates that the SBA provide financial assistance to public and private organizations to cover all or part of the costs of projects designed to provide technical or management assistance to qualifying disadvantaged individuals or enterprises, including 8(a) BD participants. For FY 2017, SBA allocated \$1.796 million to projects under the Section 7(j) program through cooperative agreements and contracts.

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<sup>10</sup> Program administration cost data were provided by SBA.

<sup>11</sup> Management and technical assistance data were provided by SBA.

## EVALUATION OF FIRMS THAT COMPLETED 8(a) BUSINESS DEVELOPMENT PROGRAM DURING THREE PREVIOUS FISCAL YEARS

SMALL BUSINESS ACT - Section 7(j)(16)(B)(iii)

*([T]he administrator shall submit a report to the Congress...that shall include the following :)*

*A compilation and evaluation of those business concerns that have exited the Program during the immediately preceding three fiscal years. Such compilation and evaluation shall detail the number of concerns actively engaged in business operations, those that have ceased or substantially curtailed such operations, including the reasons for such actions, and those concerns that have been acquired by other firms or organizations owned and controlled by other than socially and economically disadvantaged individuals. For those businesses that have continued operations after they exited from the Program, the Administrator shall also separately detail the benefits and costs that have accrued to the economy during the immediately preceding fiscal year due to the operations of such concern.*

The SBA utilized data provided by D&B to analyze the 1,874 firms that completed their 8(a) Business Development Program terms between October 1, 2013 and September 30, 2016. (See Table III for category summary of firms based on data from SBA's e8a System and Table IIIa for status summary of firms based on D&B data.) In Table IIIa, of the 1,874-total number of firms, there were 1,706 active firms, 126 inactive firms, and 42 firms for which data were not available. Of the active firms, two were acquired by another firm or organization owned and controlled by other than socially and economically disadvantaged individuals and 84 firms were substantially curtailed. Of the active firms, the total annual revenue for such firms over the preceding three fiscal years was approximately \$6,136,000,000 in FY 2017. This provided jobs for approximately 45,415 persons.

As for the reasons that former program participant firms ceased operations, these could be various. Such reasons are most likely similar to the reasons that cause any category of business to cease operations. These may include the following: economic conditions; retirement; illness or death of the owner; reduced federal contracting opportunities; a decision to sell the business or start a new business venture; or the pursuit of other professional interests. According to recent census data,<sup>12</sup> two out of three new employer firms survive at least two years; and over a third stay in business 10 years or more. Census data report that 67 percent of new employer firms in 2000 survived at least two years, and 48 percent survived at least 5 years. Survival rates were similar across states and major industries. Bureau of Labor Statistics data on establishment show that 33 percent of establishments survived at least ten years and 25 percent survived 15 years.<sup>13</sup>

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<sup>12</sup> U.S. Department of Commerce, Census Bureau, Business Dynamics Statistics (BDS). It should be noted that the Census Bureau does not produce and release official survival rate statistics. These numbers can, however, be derived from statistics provided in the BDS; specifically, the number of employer businesses by age and year. A couple of caveats that are expected to distort these numbers slightly are: 1) Business exits have a precise definition in the BDS. An exit takes place when all establishments of a firm cease to exist. Firm entities that cease to exist as a legal construct due to merger and acquisition (M&A) activity but whose establishments do not all cease to exist; are not considered exits in these data. 2) The number of firms in the economy can change for things other than entry. Specifically, firm break ups, spinoffs and M&A activity can lead to multiple new legal entities where there was only one before.

<sup>13</sup> It should be noted that the Census data represent *firms*, which are the entity of the business, while Bureau of Labor Statistics indicate establishments. The firm and establishment survival age figures are similar.

**TABLE III****FY 2017 Category Summary of Firms Completed 8(a) program during 3 Preceding Years**

Category	FY 14	FY 15	FY 16	TOTAL
<b>In Program at least 1 day and not listed in other 4 categories below</b>	<b>4,836</b>	<b>4,596</b>	<b>4,887</b>	<b>14,319</b>
<b>Terminated</b>	<b>117</b>	<b>79</b>	<b>42</b>	<b>238</b>
<b>Withdrawn</b>	<b>125</b>	<b>134</b>	<b>94</b>	<b>353</b>
<b>Suspended</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>13</b>
<b>Completed program/Graduated/Early Graduated</b>	<b>870</b>	<b>584</b>	<b>420</b>	<b>1,874</b>
<b>TOTAL</b>	<b>5,951</b>	<b>5,399</b>	<b>5,447</b>	<b>16,797</b>

Source: SBA's e8a System (11/13/2017)

**TABLE IIIa****FY 2017 Status Summary of Firms Completed 8(a) program during 3 Preceding Years**

Fiscal Year	Completed 8(a) program	Firms Active in FY 17	Firms Ceased In FY 17	Firms for which SAM/DSBS could not find data	Active Firms Acquired <sup>14</sup> in FY 17	Active Firms Substantially Curtailed in FY 17
<b>FY 14</b>	<b>870</b>	<b>848</b>	<b>9</b>	<b>13</b>	<b>0</b>	<b>4</b>
<b>FY 15</b>	<b>584</b>	<b>486</b>	<b>87</b>	<b>11</b>	<b>2</b>	<b>19</b>
<b>FY16</b>	<b>420</b>	<b>372</b>	<b>30</b>	<b>18</b>	<b>0</b>	<b>61</b>
<b>TOTAL</b>	<b>1,874</b>	<b>1,706</b>	<b>126</b>	<b>42</b>	<b>2</b>	<b>84</b>

Source: Dun and Bradstreet (D&B)

<sup>14</sup> Active firms *acquired* are defined as having been acquired by other firms or organizations that are not owned and controlled by socially and economically disadvantaged individuals.



## COMPILATION OF FISCAL YEAR 2017 PROGRAM PARTICIPANTS

SMALL BUSINESS ACT - Section 7(j)(16)(B)(iv)

*([T]he administrator shall submit a report to the Congress...that shall include the following :)*

*A listing of all participants in the Program during the preceding fiscal year identifying, by State and by Region, for each firm: the name of the concern, the race or ethnicity, and gender of the disadvantaged owners, the dollar value of all contracts received in the preceding year, the dollar amount of advance payments received by each concern pursuant to contracts awarded under section 637(a) of this title, and a description including (if appropriate) an estimate of the dollar value of all benefits received pursuant to paragraphs (13) and (14) and section 7(a) (20) during such year.*

Appendix B to this Report sets forth a listing of all FY 2017 program participants. For each participant, the following information is provided: firm name; firm location by state and region; race or ethnicity of the qualifying disadvantaged owner; gender of the qualifying disadvantaged owner (if disclosed); and the value of all 8(a) contract obligations in FY 2017.<sup>15</sup>

In designating a qualifying owner's basis for social disadvantage, SBA uses Ethnicity/Race. The following information below shows the number of firms in each Ethnicity/Race and the percentage that number is of the total number of firms (5,581):

- Asian Pacific American (AP) – 596 (10.6%)
- Black American (BA) – 1,863 (33.4%)
- Caucasian American (CA) – 19 (0.34%)
- Hispanic American (HA) – 1,277 (22.9%)
- Native American (NA) – 429 (7.76%)
- Other (American) (OT)<sup>16</sup> – 398 (7.15%)
- Subcontinent Asian American (SA) – 649 (11.6%)

According to SBA's internal database for 8(a) BD records management – e8(a) – men owned 60.75 percent of the FY 2017 participant firms, and women owned 30.16 percent; 9.09 percent of the firms did not report a specific gender.

The following identifies the number of FY 2017 entity-owned participant firms (i.e., those owned by Indian Tribes, ANCs, NHOs, or CDCs), and the percentage that number is of the total number of firms (5,581):

- Alaska Native Corporation (ANC) - 246 (4.4 %)
- Native Hawaiian Organization (NHO) - 16 (0.28 %)

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<sup>15</sup> Firm names listed in Appendix B were pulled from FPDS-NG on February 20, 2018 using DUNS numbers for FY 2017 8(a) firms.

<sup>16</sup> The category of "Other (American)" includes individuals who selected "Other" or who made no selection at all.



- Indian Tribe - 86 (1.54 %)
- Community Development Center (CDC) – 2 (.03 %)

As part of the annual review submission, each Participant owned by a Tribe, ANC, NHO or CDC must submit to SBA information showing how the Tribe, ANC, NHO or CDC has provided benefits to the Tribal or native members and/or the Tribal, native or other community due to the Tribe's/ ANC's/ NHO's/ CDC's participation in the 8(a) BD program through one or more firms. In assessing such benefits, SBA collects information related to the following: employee assistance; preparatory classes; education reimbursement; internship programs; health, social and cultural support, to include in-school support programs, drug and alcohol treatment, individual and family crisis assistance and after-school summer programs; and economic and community development, to include establishment of non-profit organizations, such as a housing authority, to provide quality housing for elders, individuals and families. Participating Tribes, ANCs, NHOs and CDCs reported diverse benefits valued at approximately \$144,883,061. Contract dollars for entities totaled \$6,628,764,843 in 8(a) revenue and \$11,876,479,664 in total revenues (8(a) and non-8(a) revenues combined).<sup>17</sup>

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<sup>17</sup> FPDS-NG as reported on February 20, 2018.

## **8(a) REVENUE AND NON 8(a) REVENUE FOR FISCAL YEAR 2017**

SMALL BUSINESS ACT - Section 7(j)(16)(B)(v)

*([T]he administrator shall submit a report to the Congress...that shall include the following:*

*The total dollar value of contracts and options awarded during the preceding fiscal year pursuant to section 8(a) and such amount expressed as a percentage of total sales of (I) all firms participating in the Program during such year, and (II) of firms in each of the nine years of program participation.*

Total obligations combining 8(a) sales and non 8(a) sales were \$22,043,767,164 based on FPDS-NG data. This consisted of \$16,251,923,397 in 8(a) sales and \$5,791,843,767 non-8(a) sales. The 8(a) obligations represent an estimated 73 percent of total revenue for FY 2017 firms.<sup>18</sup>

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<sup>18</sup> 8(a) sales are 8(a) contract dollars as reported in FPDS-NG and certified by SBA on February 20, 2018. Non-8(a) sales are contract dollars as reported in FPDS-NG and certified by SBA on February 20, 2018.

## REQUESTED RESOURCES AND PROGRAM AUTHORITIES

SMALL BUSINESS ACT - Section 7(j)(16)(B)(vi)

*([T]he administrator shall submit a report to the Congress...that shall include the following:)*

*A description of such additional resources or program authorities as may be required to provide the types of services needed over the next two year period to service the expected portfolio of firms certified pursuant to section 8(a).*

At this time, no additional resources or program authorities are being requested.

## DOLLAR OBLIGATIONS FOR 8(a) CONTRACTS BY NAICS CODES

SMALL BUSINESS ACT - Section 7(j)(16)(B)(v)

*([T]he administrator shall submit a report to the Congress...that shall include the following:)*

*The total dollar value of contracts and options awarded pursuant to section 637(a) of this title, at such dollar increments as the Administrator deems appropriate, for each four digit standard industrial classification code under which such contracts and options are classified.*

Appendix A sets forth FY 2017 8(a) contract dollars obligated<sup>19</sup> by six-digit North American Industry Classification System (NAICS) code<sup>20</sup> for current 8(a) participants and firms in which program term is completed but contract options remain open. This information was obtained from FPDS-NG on February 20, 2018.

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<sup>19</sup> Contract dollars obligated (listed as “action obligations in FPDS-NG”) represents dollars actually obligated in the fiscal year. “Actions” listed in FPDS-NG and used in this report represent number of modifications performed by the Contracting Officer during the fiscal year and do not represent number of contracts.

<sup>20</sup> NAICS replaced the four-digit Standard Industrial Classification (SIC) System in 1997.